Jointly Building World's Largest Free Trade Area to a High Level

2025 RCEP Development Report

China Institute for Reform and Development (CIRD)

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The year 2025 marks the third anniversary of the official entry into force and implementation of the Regional Comprehensive Economic Partnership Agreement (RCEP). Since 2021, China Institute for Reform and Development (CIRD) has been conducting a series of high-level international academic exchanges and seminars on major issues in the process of RCEP implementation, and in May 2024 it released the first RCEP implementation assessment report titled "Unleash RCEP's Dividends by Focusing on Raising the Utilisation Rate of Rules".

The purpose of this year's annual report is to assess the progress of RCEP implementation over the past three years, and based on the macro judgement under the world's changing circumstances, to put forward RCEP's strategic choices to cope with global economic uncertainties, as well as the major tasks and key initiatives to jointly build the largest free trade area to a high level.

I. Important Progress: RCEP Becomes a New Engine for Regional Economic Integration

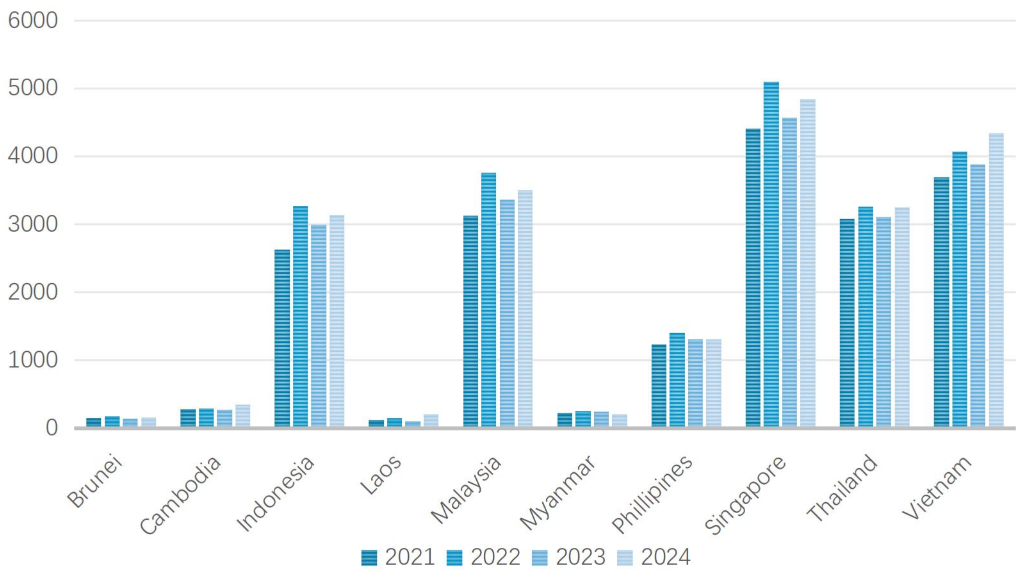
Over the past three years since RCEP came into effect, intra-regional trade has achieved sustained growth on the whole; regional investment has grown steadily; regional production and supply chain and the value chain have been integrated, and the proportion of trade in intermediate goods has continued to rise. RCEP has become a new engine for promoting regional economic integration.

1. Trade creation effects have been unleashed, with intra-regional trade gaining growth momentum

(1) Intra-regional trade in goods has grown rapidly. In 2022, total intra-regional trade flows in the RCEP region rose by 9.7 percent, with all members achieving year-on-year growth in intra-regional trade. In 2023, total intra-RCEP trade declined year-on-year, but the intra-RCEP trade of most members was still higher than the level in 2021, prior to the entry into force of the RCEP. In 2024, total intra-RCEP trade flows totaled USD5.70 trillion, a year-on-year rebound of about 2.5 percent, with total intra-regional exports growing by 2.6 percent to USD2.79 trillion and total intra-regional imports growing by 2.4 percent to USD2.91 trillion.

(2) Intra-regional trade of ASEAN members has been growing rapidly. In 2024, intra-regional trade flows of ten ASEAN countries reached about USD2.13 trillion, up 6.5 percent year-on-year. Of this, total intra-regional export was about USD980.3 billion, up 4.8 percent year-on-year, while total intra-regional imports were USD1.15 trillion, up 7.9 percent year-on-year. Further analysis shows that RCEP has the most significant trade-boosting effect on emerging markets such as Laos, Cambodia, Indonesia, Vietnam, and Malaysia. The value of intra-regional trade in 2024 for these ASEAN members increased by 72.4 percent, 22.6 percent, 19.2 percent, 17.4 percent and 12.1 percent, respectively, compared with 2021.

Figure 1: Value of intra-RCEP trade among ASEAN members, 2021-2024 (USD 100 million)



Source: Calculated based on Global Trade Flow database.

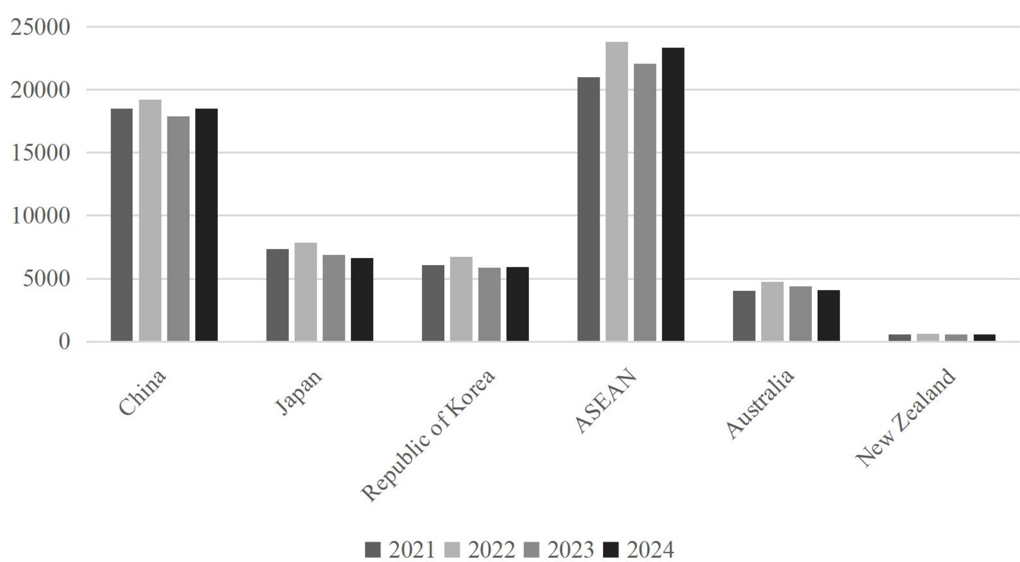
(3) The growth in intra-regional trade for non-ASEAN members was steady. For example, China's total trade with the RCEP region in 2024 was about USD1.85 trillion, up 3.3 percent year-on-year. Its intra-regional export was about USD962.6 billion, up 5.6 percent year-on-year, while intra-regional import was about USD887.6 billion, up 0.9 percent year-on-year. China's imports and exports to RCEP members accounted for more than 30 percent of the intra-regional total.

Republic of Korea (ROK)'s intra-regional trade has been growing steadily. In 2024, ROK's total intra-regional trade reached USD593.3 billion, an increase of 1.2 percent year-on-year, surpassing the size of Japan's intra-regional trade; intra-regional exports reached USD295.5 billion, an increase of 4.2 percent year-on-year.

Australia's intra-regional imports have risen significantly. In 2024, Australia's total intra-regional trade was about USD410.7 billion, up 1.23 percent from 2021; its intra-regional imports were around USD170 billion, up 14.26 percent from the level in 2021 before the RCEP came into effect.

In recent years, Japan's intra-RCEP trade has continued to decline. In 2024, Japan's total trade within the RCEP region was USD661.2 billion, down 4.3 percent year-on-year; its intra-regional imports were down 5.8 percent year-on-year, and intra-regional exports were down by 2.3 percent year-on-year.

Figure 2: Value of intra-regional trade of RCEP members, 2021-2024 (100 USD million)



Source: Calculations based on data from the Global Trade Flow database.

2. Investment in the RCEP region has grown rapidly, sustaining its appeal to investors

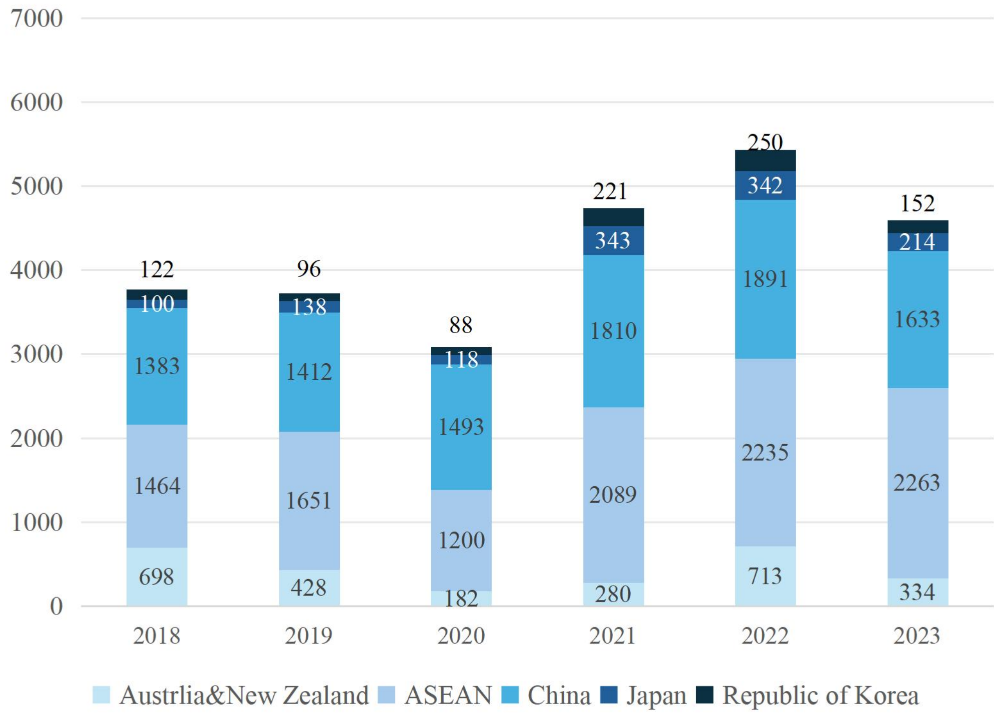
(1) RCEP has become one of the regions with the strongest growth in global investment activity. In 2022, RCEP members attracted a foreign direct investment (FDI) inflow of USD543.2 billion, up 14.6 percent year-on-year, and accounted for 41.0 percent of global FDI inflows. FDI outflows were USD593.2 billion, up 8.6 percent year-on-year, and accounting for 37 percent of global total.

In 2023, RCEP region's FDI was hit by a decline in global investment flows due to factors such as global economic uncertainty and financial market volatility, falling to USD459.6 billion but still accounting for 35 percent of the world's total; foreign direct investment outflows declined to about USD464 billion, roughly 30 percent of the world's total.

(2) FDI inflows have been growing rapidly. Notably, ASEAN was the largest FDI recipient among RCEP members. Against the backdrop of declining regional and global investment flows, FDI inflows into ASEAN rose from USD208.9 billion in 2021 to USD223.5 billion in 2022, and continued to rise to an all-time high of USD226.3 billion in 2023. ASEAN attracted 49.2 percent of global FDI inflows in the RCEP region in 2023.

China attracted USD163.3 billion of FDI in 2023 in total, with other members of the RCEP region investing USD18.15 billion in China, accounting for about 11.1 percent of the total. Australia and New Zealand’s FDI inflows surged from a low level during the pandemic to USD71.3 billion in 2022, a 150 percent year-on-year increase. In 2023, FDI inflows into Japan and ROK rose by 55.8 percent and 57.5 percent, respectively, compared with 2019.

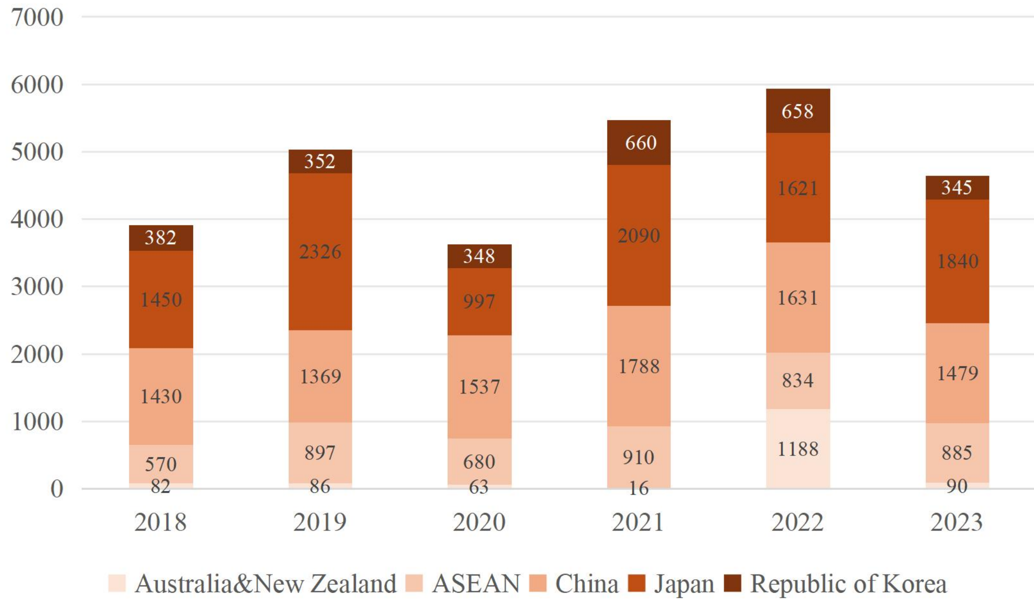
Figure 3: FDI inflows to RCEP members, 2018-2023 (USD 100 million)



Source: Compiled from data in UNCTAD's World Investment Report 2024.

(3) FDI outflows have been rising steadily. In 2023, Japan's total FDI outflows reached USD184 billion, an increase of about 13.5 percent year-on-year, and accounted for 39.7 percent of the region's total FDI outflows; China's non-financial FDI outflows to other RCEP members reached USD18.06 billion, an increase of 26 percent year-on-year, 14 percentage points higher than the growth rate of China's total FDI outflows. ASEAN's FDI outflows made steady progress, reaching USD88.5 billion in total, an increase of about 6.2 percent year-on-year, and accounting for 19.1 percent of the region's total FDI outflows.

Figure 4: FDI outflows from RCEP members, 2018-2023 (USD 100 million)



Source: Compiled from data in UNCTAD's World Investment Report 2024.

3. The integration of regional industrial and supply chain has been advancing

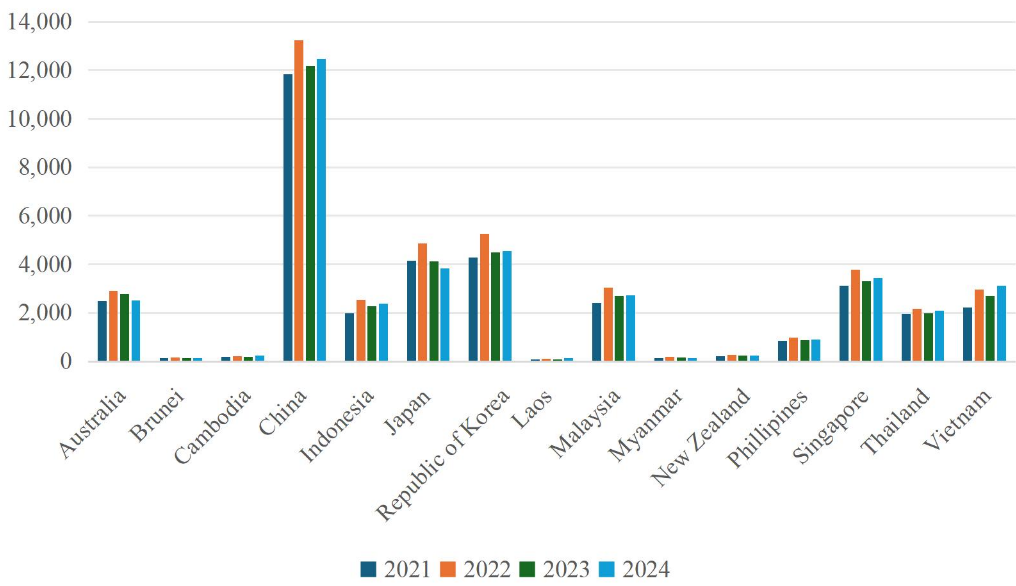
(1) Regional trade in intermediate goods has shown rapid growth. Trade in intermediate goods is an important component of intra-RCEP trade and an important link of regional production networks. After RCEP comes into effect, the share of trade in intermediate goods as a share of total intra-regional trade rose from 65.0 percent in 2021 to 68.3 percent in 2024.

China's intra-regional trade in intermediate goods accounts for about one-third of total intra-RCEP trade in intermediate goods. In 2023, within the intra-regional intermediate goods trade of other RCEP members, imports from China accounted for 36.6% of their total intermediate goods imports, while exports to China accounted for 39.2% of their total intermediate goods exports.

China's total intra-regional trade in intermediates amounted to USD1.25 trillion in 2024, a 5.5 percent increase compared to 2021 before RCEP came into effect.

Some ASEAN members' intra-regional trade in intermediate goods has increased significantly. In 2024, Vietnam's intra-regional trade in intermediate goods was USD311.6 billion, an increase of 39.7 percent from 2021; Laos' intra-regional trade in intermediate goods was USD14.75 billion, an increase of 65.6 percent from 2021; and Indonesia's intra-regional trade in intermediate goods will be USD239 billion, an increase of 20.4 percent from 2021. Indonesia's intra-regional trade in intermediate goods was USD239 billion, an increase of 20.4 percent from 2021 levels.

Figure 5: Size of RCEP members' trade in intermediate goods, 2021-2024 (USD 100 million)

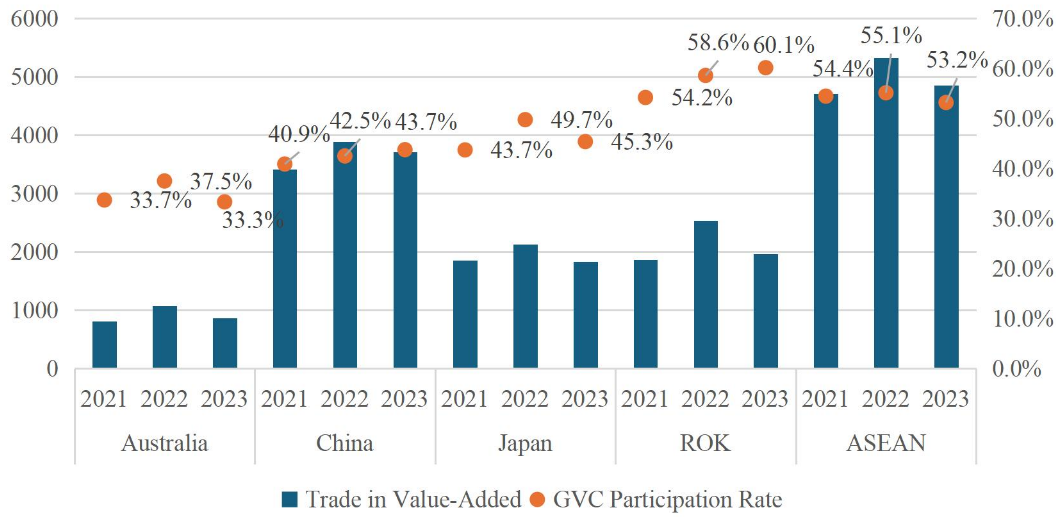


Source: Calculated based on data from the Global Trade Flow database.

(2) Promoting the development of regional value chain. Total trade in value-added within the RCEP region reached USD1.32 trillion in 2023, up 4.6 percent from 2021. Among them, Australia's intra-RCEP value-added trade is 6.8 percent higher than before RCEP came into effect, China's is 8.16 percent higher, ROK's is 5.2 percent higher, and ASEAN's is 3.0 percent higher.

ASEAN is the economy in the RCEP region with the largest intra-regional value-added trade. In 2023, ASEAN's intra-regional value-added trade amounted to USD485.1 billion, accounting for about 36.7 percent of total intra-regional value-added trade in the RCEP region. In the same year, China's intra-regional value-added trade amounted to USD371.3 billion, accounting for about 28.1 percent of the regional total. Japan's and ROK's intra-regional value-added trade amounted to USD183.1 billion and USD196.5 billion, respectively, accounting for 13.8 percent and 14.8 percent of the regional total.

Figure 6: Value-added trade within the RCEP region for RCEP members, 2021-2023 (USD 100 million, %)



Source: Compiled from ADB Multi-regional Input-Output Table.

(3) GVC participation rate steadily increased. From 2021 to 2023, the Global Value Chain (GVC) participation rate of the RCEP region as a whole rose from 46.7 percent to 48.1 percent. During the same period, the overall GVC participation rate of ASEAN was around 53 to 55 percent, higher than the regional average. China's GVC participation rate for intra-regional trade rose from 40.9 percent in 2021 to 43.7 percent in 2023. Japan's GVC participation rate in intra-regional trade rose from 43.7 percent in 2021 to 45.3 percent in 2023. ROK's GVC participation rate of intra-regional trade increased from 54.2 percent in 2021 to 60.1 percent in 2023.

4. There is much room for improvement in the utilisation rate of RCEP

(1) Intra-regional trade between China, Japan and ROK enjoys a higher degree of tariff preferences. As the first free trade agreement (FTA) connecting the markets of China, Japan and ROK, enterprises of the three countries enjoy higher marginal tariff preferences under the framework of RCEP, which has become the most important channel of tariff concessions for trade among the three countries. For example, Japan's preferential imports under RCEP amount to USD31.08 billion in 2022, the highest among all Japan’s FTAs. In 2023, Japan's utilisation rate for imports from China is 76%, and that for imports from ROK is 68%.[①]

ROK has a high utilisation rate of RCEP. In 2023, the value of preferential imports and exports of ROK to Japan under RCEP was USD6.38 billion, with an export utilisation rate of 68.1% and an import utilisation rate of 37.0%. In

[①] RCEP の利用状況──2023 年における日本の輸入，アジ研ポリシー･ブリーフ，IDE-JETRO (Utilisation of RCEP: Japan's Imports in 2023, IDE-JETRO Policy Brief).

2024, the value of ROK's preferential imports and exports to Japan rose to USD7.25 billion, an increase of 13.6% year-on-year; the utilisation rate of ROK's exports to Japan rose to 77.9%, and the import utilisation rate rose to 39.3%.[①]

(2) ASEAN members' utilisation of RCEP rules of origin has much room for improvement. As ASEAN has already established FTAs with other RCEP members before the signing of RCEP, most enterprises are more inclined to follow the original FTA arrangement for tariff reduction, making the utilisation rate of RCEP rather low.[②] With the gradual fulfilment of RCEP tariff reduction commitments and ASEAN enterprises gradually integrating into the regional value chain, the effect of RCEP's unified rules of origin is expected to be more fully released.

II. Strategic Choice: Advancing RCEP's Free Trade Process in Response to Global Economic Uncertainty

In recent years, the evolution of free trade process within the RCEP region has accelerated in the face of the uncertainties of unilateralism and protectionism. In the next step, the key for RCEP to inject certainty into the region's growth and development lies in deepening free trade co-operation among its members and jointly building the world's largest free trade area that is at a higher standard and more future-oriented.

① Korean Customs, https://www.customs.go.kr/ftaportalkor/cm/cntnts/cntntsView.do?mi=3532&cntntsId=1167#

② ASEAN countries' utilisation rate of RCEP are usually below 3%. For specifics, refer to CIRD, "Releasing the RCEP Dividends with a Focus on Raising the Utilisation Rate of Rules", May 2024.

1. The challenges of unilateralism and protectionism

(1) Unilateralism undermines the rules-based free trade order. According to a World Trade Organization (WTO) study, if the world were to fall into an extreme scenario of full-scale geopolitical rivalry, average global income would fall by 5 percent and total trade would shrink by 13 percent.[①] In the face of the challenge of unilateralism, it has become an important mission for the sustainable development of RCEP to firmly promote free trade and strengthen regional synergy.

(2) Trade protectionism increases development pressure on RCEP economies. Data show that the United States is the largest export market of RCEP members, accounting for about 15 percent of the total exports of members. [②]Under the acute impact of trade protectionism, accelerating market diversification and enhancing the risk-resistant capacity have become the urgent tasks of the economies in the RCEP region.

2. RCEP enters a critical juncture of comprehensive upgrading

(1) Promote the mutual reinforcement between RCEP and other free trade arrangements in the region. Within this year, China-ASEAN Free Trade Area (CAFTA) 3.0 is expected to be officially signed. RCEP should achieve coordinated development with CAFTA 3.0, actively incorporating high-standard clauses that will achieve value addition and replicating and promoting these standards to the whole region, so as to achieve breakthroughs in the free trade of the whole region with local trade liberalisation. In addition, it is estimated that China-Japan-ROK FTA negotiations on the basis of RCEP may make an important breakthrough with this year, too. Based on these developments, a

[①] World Trade Report 2024—Trade and inclusiveness: How to make trade work for all, World Trade Organization.

[②] Calculated based on Global Trade Flow Database.

new pattern of regional free trade, where "multi-lateralism" drives "mini-lateralism" and "mini-lateralism" promotes "multi-lateralism", will be formed.

(2) Bridge the gap in regional development and strengthen the foundation for upgrading RCEP. As a regional FTA with the largest difference in the development stages of its members, the key to promoting the comprehensive upgrading of RCEP lies in enhancing the overall trade liberalisation benchmarks and rule-taking capacity of the region. This requires major economies in the region to tilt towards less developed members in terms of policy and resources to support their integration into the regional value chain. At the same time, in accordance with Chapter 15 of the RCEP Agreement, economic and technical cooperation projects targeting governments and enterprises in developing member countries should be actively carried out to strengthen their rule-making and implementation capabilities, thus providing a solid foundation for the upgrading of RCEP.

(3) From the world's "largest FTA" to the world's "highest-level FTA". Against the backdrop of profound and complex changes in the internal and external environment, shifting from scale to quality is a major choice for RCEP to maintain its strategic relevance in the global economic and trade landscape. By building up a higher-standard rule system, further expanding the depth of market opening of member economies, and promoting the synergy and upgrading of regional industries, RCEP will comprehensively enhance the level of regional free trade and integration, and promote the construction of a high-quality regional cooperation pattern.

3. Responding to global economic uncertainty with the certainty of jointly building a high-level and largest free trade area

(1) Enhancing certainty against unilateralism by deepening regional economic and trade cooperation. In May 2025, ASEAN+3 finance ministers, central bank governors meeting jointly called for "enhanced regional unity and cooperation to weather the heightened uncertainty" and "fully support the robust implementation of the RCEP Agreement".① RCEP should continue to deepen strategic synergies between members like China, Japan, ROK, ASEAN, in order to effectively hedge against external shocks and enhance the overall competitiveness of the region through stable and sustainable regional cooperation and economic integration.

(2) Enhancing the certainty of RCEP's development through structural transformation. RCEP members need structural transformation to stimulate the potential of domestic demand in their countries and enhance their resilience and proactivity in withstanding global risks. According to a study by the International Monetary Fund (IMF), if ASEAN pushes ahead with comprehensive reforms in the areas of business and external regulation, governance, and human development, it could raise its total output by 3 percent in the coming four years.② With the further optimisation of the regional economic structure, RCEP is expected to evolve from the "Asian

① Joint Statement of the 28th ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting, May 4, 2025

② Anne-Charlotte Paret Onorato, Southeast Asia's Economies Can Gain Most by Packaging Ambitious Reforms, IMF Blog. https://www.imf.org/en/Blogs/Articles/2025/03/25/southeast-asias-economies-can-gain-most-by-packaging-ambitious-reforms.

production - global consumption" model to a new pattern of "Asian production - Asian consumption", providing stable support for hedging against global protectionist risks.

(3) Building a unified regional market into an important global growth pole. In the next three to five years, through the implementation of higher-standard rules, gradually break down the tariff and non-tariff barriers between members, promote the efficient circulation of goods, capital, personnel, technology, data and other factors in the region, will push forward the formation of a unified RCEP big market. For example, by integrating ASEAN's resource endowment with China, Japan and ROK's technological capability and market scale, a more efficient and complete pattern for regional division of labour will be formed, and a highly efficient regional economic cycle of "resource-manufacturing-consumption" will be created. According to IMF data, by 2030, the RCEP region will contribute about 32.7 percent of global growth,[①] becoming an important growth pole that will reshape the global economy.

III. Major Tasks: Shaping a New Pattern of RCEP Regional Cooperation through High-Level Free Trade

Free trade serves as the cornerstone of regional economic cooperation. Building a high-standard RCEP hinges on achieving greater trade liberalisation, broader market openness, and deeper regional collaboration. This requires core RCEP members, including China, Japan, ROK and ASEAN to actively advance bilateral and multilateral economic cooperation, laying a solid foundation for a high-standard RCEP.

[①] Calculated based on IMF World Economic Outlook database.

1. Free trade fuels the sustained growth of developing ASEAN economies

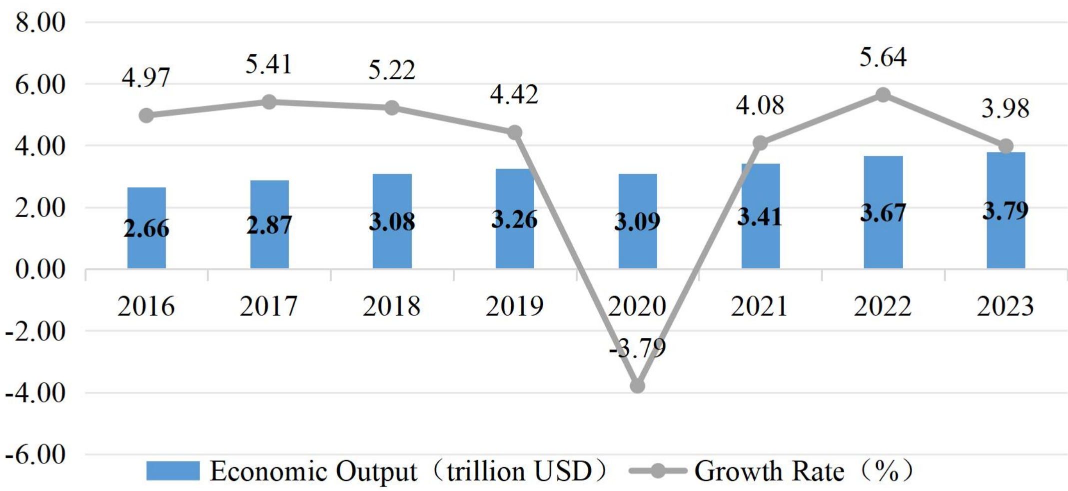
(1) RCEP shares the dividends of free trade. Economic theory and practice have shown that free trade is an important path for developing countries to raise their incomes and enhance their overall well-being. Since the establishment of the WTO, with the opening up of trade, global per capita income has increased by about 65 percent, the per capita income of low-income and middle-income countries has nearly tripled, and the share of developing countries in global exports has doubled from 16 percent to 32 percent.[①] As a regional FTA with the largest difference in the level of development of its members, RCEP, on the basis of promoting factor mobility and market opening, and giving full play to the differences in resource endowments and comparative advantages of its members, will promote the construction of a regional trading system in which developed and developing economies share the dividends of growth.

(2) Promoting the industrialisation process of ASEAN countries, creating an ASEAN "growth centre". Through the establishment of free trade relations with major economies in the region under the RCEP framework, ASEAN member states can accelerate the process of industrialisation, increase their access to capital, technology, knowledge and other key factors of production, and deepen their integration into the regional and global value chain, driving industrial upgrading and structural optimisation. From 2016 to 2023, ASEAN's economic output has grown from USD2.66 trillion to USD3.79 trillion, ranking fifth in the world in terms of total economic output, and GDP per capita reaching USD5,555 in 2023. Study has shown that ASEAN's industrial

[①] World Trade Report 2024—Trade and inclusiveness: How to make trade work for all, World Trade Organization.

upgrading, driven by RCEP, is expected to create USD400-600 billion of manufacturing output, USD14-22 billion of manufacturing FDI, and 90,000-140,000 jobs annually by 2030[1], helping it become the fourth largest economy in the world by then.

Figure 7: ASEAN Economic Output and Growth Rate, 2016-2023



Source: ASEAN Stats. https://data.aseanstats.org/

(3) Establishing inclusive economic and trade institutional arrangements to create an ASEAN "rules centre". For example, RCEP provides a number of transitional and protective provisions for less developed ASEAN members, allowing them to gradually open their markets while retaining a buffer for key industries, thus ensuring that trade dividends are equitably shared. In the future, ASEAN should play a greater role in multilateral platforms such as the "10+1", "10+3", and ASEAN Summits in terms of institutional-building and agenda-setting, turning “The ASEAN way” based on consultation and consensus, into the keynote of regional cooperation.

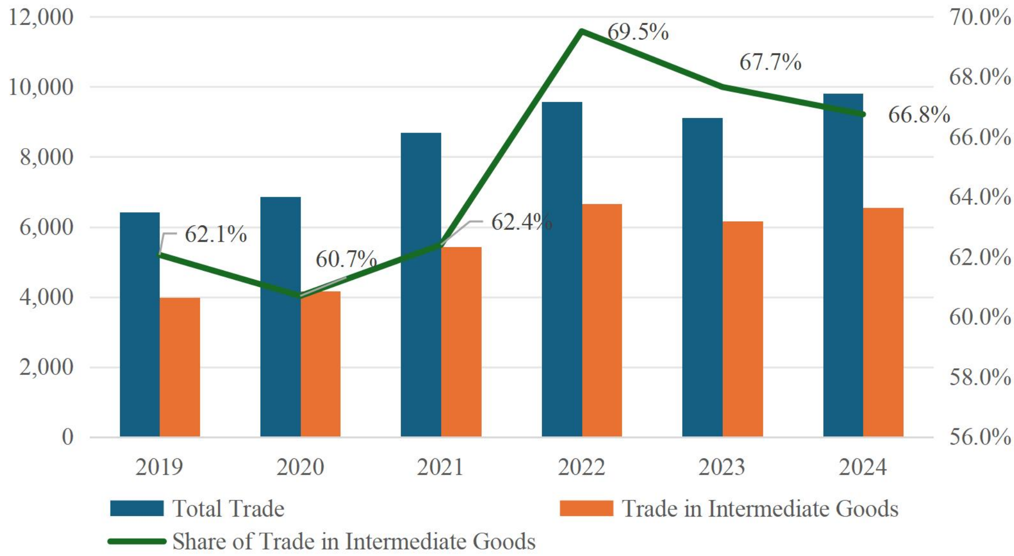
[1] Michael Meyer, Michael Tan, Rohit Vohra, Michael McAdoo, and Kar Min Lim, How ASEAN Can Move Up the Manufacturing Value Chain, Boston Consulting Group.

2. China-ASEAN free trade serves as a model for regional cooperation

(1) Deepen trade liberalisation and promote the integration and upgrading of the China-ASEAN industrial and supply chain. Since RCEP came into effect, the foundation of China-ASEAN economic and trade co-operation has been strengthened, and the two sides have continued to deepen their co-operation in areas from trade, investment, industrial chain cooperation, to infrastructure connectivity. For example, in 2024, bilateral trade between China and ASEAN reached USD982.2 billion, an increase of about 13 percent compared with 2021 before RCEP came into effect. The share of trade in intermediate goods rose from 62.1 percent to 66.8 percent. ASEAN's exports of steel and non-ferrous metal products to China have more than tripled from 2019, and China's exports to ASEAN in the terms of electromechanics, chemicals, and textiles have all grown by more than 70 percent. Free trade has driven deeper integration of the industrial chains between both sides.

In the future, under the joint facilitation of RCEP and CAFTA 3.0, China-ASEAN cooperation is expected to become the most dynamic model of free trade in the Asia-Pacific region. For example, the two sides could focus on new energy vehicles, solar products, semiconductors, intelligent manufacturing and other emerging industrial chains, to build an integrated cooperation system composing of raw materials–parts-the whole machine. Drawing on and promoting the China-Malaysia "two countries, two parks" cooperation model, create a number of high-quality cross-border industrial clusters and industrial park platforms, promoting the synergistic upgrading of regional production and supply chains.

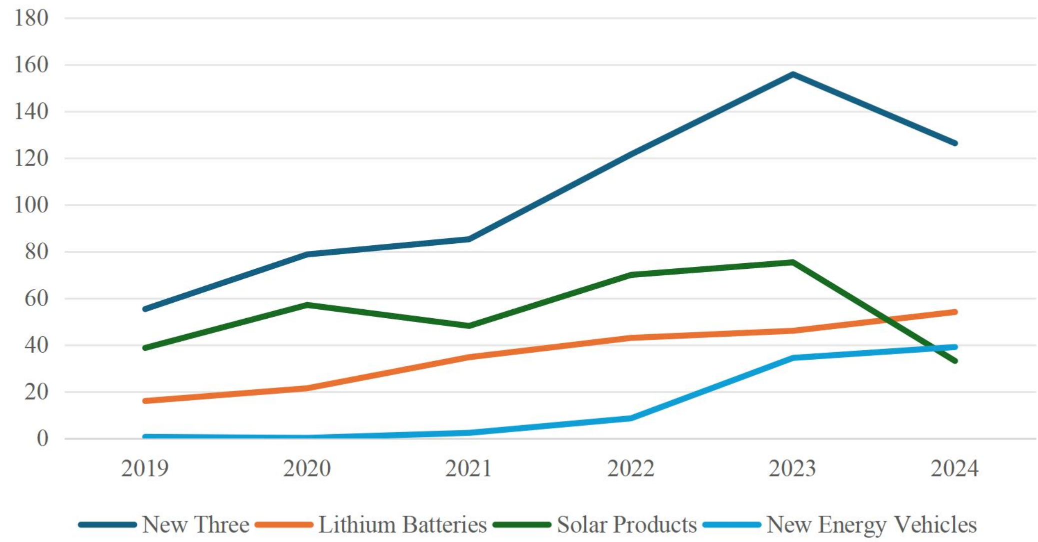
Figure 8: China-ASEAN bilateral trade, 2019-2024 (USD 100 million, %)



Source: Calculations based on data from the Global Trade Flow database.

(2) Expanding cooperation in emerging industries and creating a new high point for China-ASEAN free trade. China and ASEAN have for the first time reached the highest-level chapters on digital economy, green economy and supply chain connectivity in their respective economic and trade agreements in CAFTA 3.0, laying the foundation for building a future-oriented regional free trade. The two sides could deepen cooperation in smart cities, 5G, artificial intelligence, cloud computing, big data, blockchain and telemedicine. Leveraging the momentum of China's "New Three" going overseas, efforts should be made to accelerate green industrial coordination across the entire value chain, and to build a regional green supply chain network. At the same time, joint investment and technological cooperation between China and ASEAN should be deepened in areas such as green electricity, hydrogen energy, and smart grids, in order to support ASEAN in developing green infrastructure and enhancing its capacity for low-carbon transition.

Figure 9: China's "New Three" exports to ASEAN, 2019-2024 (USD 100 million)



Source: Calculations based on data from the Global Trade Flow database.

(3) Constructing a network of connectivity and strengthening the bedrock of China-ASEAN free trade. At present, key projects such as the Pan-Asia Railway Network, the China-Laos Railway, and the Jakarta-Bandung High-Speed Railway are steadily advancing. Major regional transportation corridors are taking shape at an accelerated pace, continuously strengthening the region's "hard connectivity." At the same time, institutional connectivity has become a key part of enhancing the quality of regional integration. For the first time, CAFTA 3.0 has reached the highest level of arrangements in terms of standards, technical regulations and conformity assessment procedures, establishing an important framework for the alignment of rules and laying the foundation for a higher level of regional "soft connectivity".

(4) Enhance the liberalisation of trade in services and expand the space for China-ASEAN free trade cooperation. China and ASEAN should rely on RCEP and CAFTA 3.0 to enhance the level of liberalisation of the service sector, giving priority to deepening market access and rule alignment in areas such as technical services, logistics, tourism, entertainment and vocational training, and tapping into a wider space for service trade cooperation. On this basis, the level of financial connectivity will be enhanced. For example, promoting local currency settlement and cross-border use of RMB, signing larger-scale currency swap agreements; improving the Chiang Mai Initiative Multilateralisation (CMIM) mechanism and accelerating the contribution of RMB to the CMIM reserve pool; encouraging multilateral institutions such as the Asian Infrastructure Investment Bank (AIIB) to support regional infrastructure financing, as well as exploring the scenarios for the application of new technologies, such as blockchain, to trade financing, and so on.

3. Achieving a major breakthrough in the China-Japan-ROK free trade process

(1) Seize the opportunity of strategic adjustment and push for an important breakthrough in the China-Japan-ROK FTA negotiations. Recently, China, Japan, and ROK held the 11th Foreign Ministers' Meeting and the 13th Economic and Trade Ministers' Meeting consecutively, making clear the need to actively respond to global uncertainties based on policy coordination and the RCEP regional cooperation mechanism, and push forward the speeding up of the negotiation process of the China-Japan-ROK FTA.

According to estimates, once the China-Japan-ROK FTA is reached, the GDP of the three countries is expected to achieve an incremental growth ranging from

0.3 percent to 1.1 percent, injecting strong internal momentum into the economy of the Northeast Asian region.[1] The three sides should build on the existing foundation of RCEP and work together to create a China-Japan-ROK FTA at the "RCEP+" level. This requires the three countries to make pragmatic progress on core issues such as trade in services, industrial chain collaboration, and market access in sensitive areas, as well as to reach a consensus on the high standard "behind-the-border" rules such as intellectual property rights, government procurement, competition policy, and transparency.

(2) Expanding the space for cooperation between China, Japan and ROK through the liberalisation of trade in services. With the evolution of China, Japan and ROK's manufacturing cooperation, trade in services has become a key area for the three countries to deepen free trade cooperation and achieve structural complementarity. Data show that after RCEP came into force, the total trade in services between China, Japan and ROK has risen from about USD77 billion in 2021 to more than USD78.8 billion in 2023, an increase of about 2.4%. It is estimated that if the proportion of service trade in trilateral trade between China, Japan and ROK rises to the current global average level of 26.4%, more than USD130 billion worth of market space would be brought to the three countries. Relying on the RCEP framework, the three countries can take the lead in upgrading the level of free trade cooperation in the fields of healthcare, elderly care, culture, education and other services, exploring the mutual recognition mechanism of educational experiences, professional qualifications and practice qualifications, and creating a "RCEP model" for the liberalisation of trade in services.

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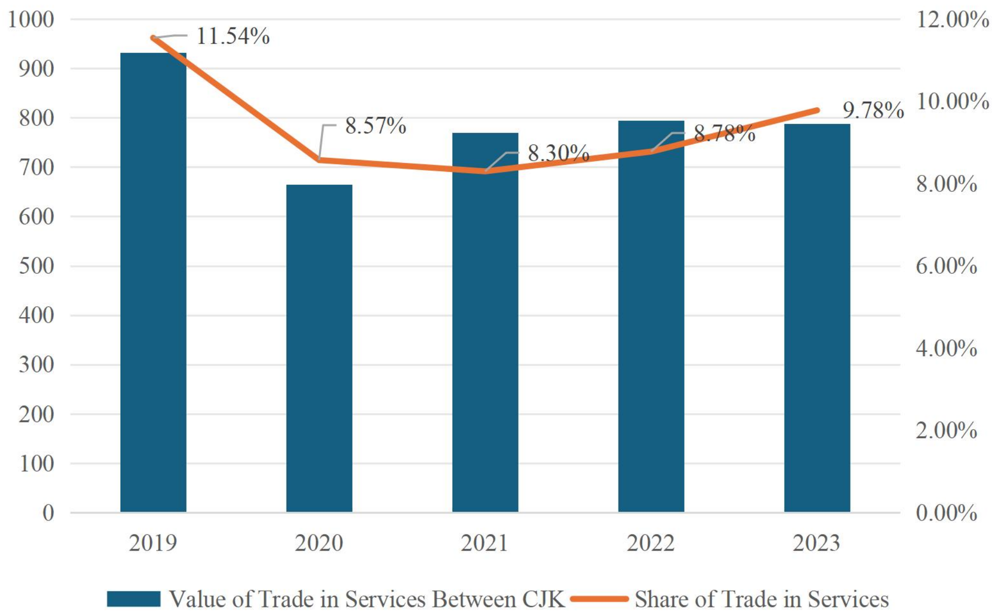
[1] Kenichi Kawasaki, Policy Analysis Focus 24-4 Economic Impact of a China, Japan and Korea FTA, June 2024.

Figure 10: Size and share of trilateral services trade between China, Japan and ROK, 2019-2023 (USD 100 million, %)



Source: Calculated based on OECD-WTO Bilateral Trade in Services Database.

(3) Establishing a new pillar of China-Japan-ROK innovation cooperation. China, Japan and ROK rank among the world's leading countries in terms of scientific research investment and have a solid foundation for cooperation. The three countriescan jointly advance R&D innovation and industrial application in cutting-edge fields such as 5G/6G, artificial intelligence, quantum communication, green and low-carbon technologies, semiconductors, and new materials. They may explore the establishment of a joint research and development fund, promote exchanges of scientific and technological talent, make full use of platforms such as the "China-Japan-Korea Innovation Cooperation Center," strengthen mechanisms for co-developing standards, and tap into the potential for cooperation in scientific and technological innovation. While promoting the integration of the digital market between China, Japan and

ROK, provide examples of digital economic cooperation for other RCEP members such as ASEAN.

4. China is a staunch promoter of high-level regional free trade

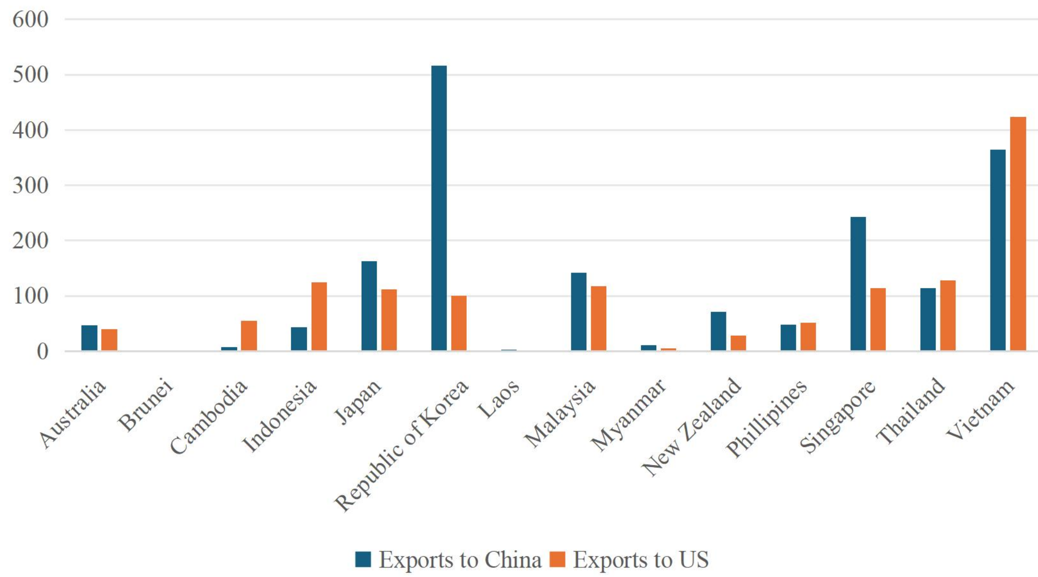
(1) Unleashing the potential of domestic demand through structural transformation and creating a regional consumption centre. Expanding domestic demand on all fronts and accelerating the formation of a consumption-led growth model has become a major initiative for China to address international economic and trade challenges and contribute to the development of neighbouring regions. It is expected that by 2035, China's productive service sector will account for 50-60 percent of GDP, up from about 30 percent at present, and the share of service consumption in consumer expenditure will increase from 46.1 percent[①] to 60 percent. This will unleash huge consumption and investment demand, providing RCEP members with vast market space.

Data show that since 2011, China has become the largest market for consumer goods exports from other RCEP members. In 2023, China absorbed USD174.3 billion worth of consumer goods exports from other RCEP members, accounting for 20.1% of their total exports, 35.6% higher than the share to the United States. Among them, China is the largest export market for consumer goods from South Korea, Japan, Singapore, Malaysia, and Australia. Against the backdrop of tightening global market access and rising external uncertainties, consolidating China's role as the “final demand market” within RCEP not only

[①] National Bureau of Statistics, *Steady Progress in Economic Performance in 2024 with Major Development Goals Successfully Achieved*, official website of the National Bureau of Statistics, January 17, 2025.

helps reinforce the regional production network but also accelerates the formation of a new regional circulation pattern of “Asian production – Asian consumption”.

Figure 11: Comparison of Consumer Goods Exports to China and the United States from other RCEP Members, 2023 (USD 100 million)



Source: Compiled from data in the Global Trade Flow database.

(2) Independently implement the liberalisation commitments under RCEP at a high quality. It is estimated that in the next few years, China's independent implementation of the liberalisation commitments made under the RCEP framework will play an important role in accelerating the regional free trade process.

Accelerate the implementation of “zero tariffs” for trade in goods under RCEP. In 2025, China's “zero tariff” coverage under the RCEP framework stands at approximately 57.1%[①]. China could unilaterally advance the implementation of its tariff reduction commitments, steadily expand tariff concessions on sensitive products such as agricultural goods and auto parts based on actual conditions, and expedite the transition from "country-specific tariff schedules" to a "unified tariff schedule".

In the areas of trade in services and investment, China's current negative list for cross-border trade in services and foreign investment have already exceeded China's commitments in RCEP. China could take the lead in implementing the "negative list" management of RCEP trade in services, and further relax market access to RCEP members in areas such as finance, education, medical care, logistics, etc., as well as reduce the restrictions on the negative list for foreign investment.

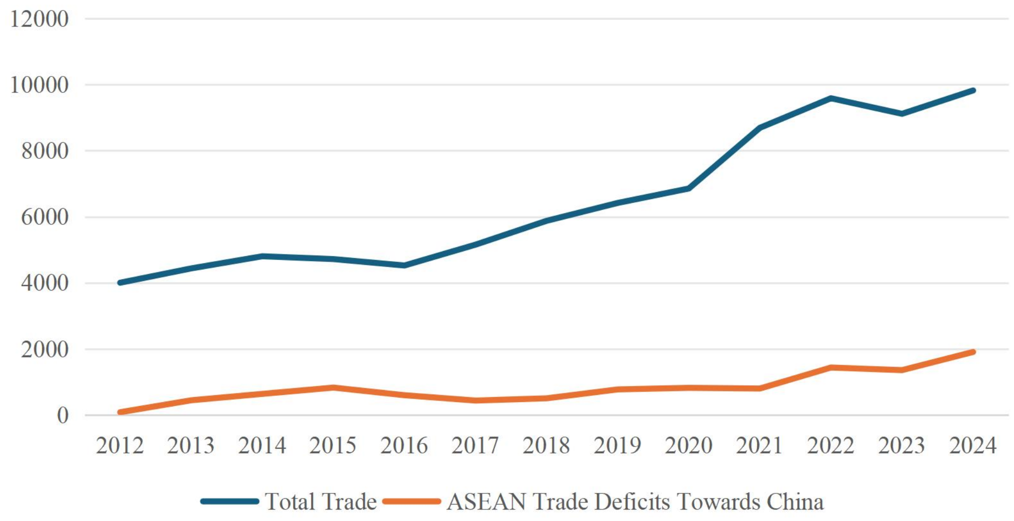
In terms of trade facilitation, efforts could be made to implement RCEP provisions on customs procedures and transparency, and to accelerate the signing and implementation of Authorised Economic Operator (AEO) mutual recognition arrangements with key ASEAN countries such as Indonesia, Vietnam, Malaysia, and Thailand, so as to enhance the overall level of trade facilitation in the region.

(3) Expanding unilateral opening-up with a focus on ASEAN to form a more balanced regional economic and trade structure. In order to cultivate a more sustainable and inclusive regional economic and trade pattern, China's orderly expansion of unilateral opening up to ASEAN will further optimise the

① Compiled based on Annex 7, *Tariff Rates under Free Trade Agreements and Preferential Trade Arrangements*, of the *2025 Tariff Adjustment Plan*.

regional trade structure and enhance the endogenous momentum of mutually beneficial cooperation.

Figure 12: China-ASEAN total trade and trade balance, 2011-2024 (USD 100 million)



Source: Compiled from data in the Global Trade Flow database.

Over the next three to five years, efforts could be made to achieve full zero-tariff coverage for imports from ASEAN, and to steadily expand the size of import for major commodities, raw materials, intermediate goods, and agricultural products originating from ASEAN. Market access and investment restrictions should be further eased in key sectors where China has competitive advantages, such as high-speed rail, power equipment, new energy technologies, auto parts, and agricultural product processing, in order to deepen industrial and supply chain integration. In terms of investment, it is recommended to formulate more targeted and actionable negative lists for foreign investment access specifically for ASEAN members, while continuously improving the overall business environment. On the basis of fully implementing pre-establishment national treatment, efforts should also be made to promote the orderly opening-up of service sectors such as domestic services, internet information services, legal services, healthcare, and cultural industries.

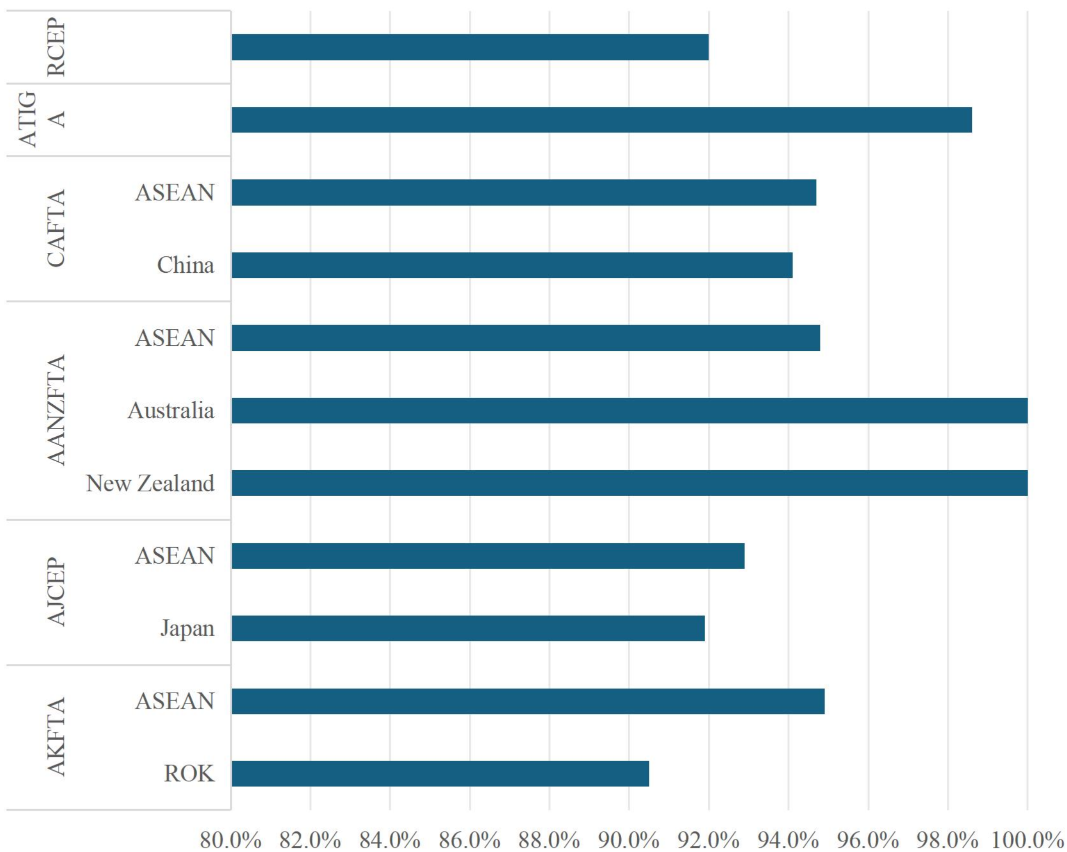
IV. Key Actions: Achieving New Breakthrough in Building a High-Level RCEP with Expansion and Upgrading

At present, while regional economic and trade integration is deepening, CAFTA 3.0, CPTPP and other high-standard trade agreements provide useful reference and a realistic basis for upgrading the provisions of RCEP. At the same time, upholding open regionalism, it is now pertinent time to break the ice in the expansion of RCEP to and forge a cross-regional free trade network.

1. Accelerating the implementation of liberalisation commitments and upgrading existing provisions

(1) Accelerating the application of "zero tariffs" on trade in goods and expanding the coverage of "zero tariffs". In the face of the current trend of rising global tariff barriers, RCEP could accelerate tariff reduction commitments through unilateral implementation or mutual consent, to inject certainty into regional development. It could also actively promote the transition from existing "country-specific tariff schedules" to "unified tariff schedule", thereby reducing compliance costs for enterprises, and enhancing the convenience of enterprises in using RCEP rules.

Figure 13: Comparison of "zero tariff" coverage between RCEP and ASEAN+1 agreements (%)



Source: Compiled based on the tariff reduction schedules of the various agreements.

(2) Release the policy effect of "rules of origin cumulation" and promote the diversified layout of supply chains in the region. Promote and complete in a timely manner the review of RCEP’s relevant provisions on the chapter of rules of origin, and promote the transition from "partial cumulation" to "full cumulation" in due course. This will enable enterprises to flexibly adjust the layout of the industrial and supply chains based on the resource endowment and market advantages of each member. At the same time, expedite the review of “introducing Declaration of Origin by an importer as a Proof of Origin”, and promote the simplification of procedures for obtaining the Certificate of Origin.

(3) Promote trade facilitation and enhance regional standards harmonisation. For example, accelerate the implementation of customs clearance facilitation measures and improve transparency; implement RCEP provisions such as the 48-hour release requirement for goods and the 6-hour release requirement for express shipments and perishable goods; work toward increasing the coverage of paperless trade to over 80%; pilot mutual recognition of conformity assessment results starting with key sectors such as electrical appliances, machinery, and food safety; expand digital infrastructure and last-mile logistics; and strengthen information exchange and technical cooperation in the fields of inspection and quarantine.

2. Benchmarking against CPTPP’s high-standard economic and trade rules and incorporating deep integration issues

(1) Improving the level of liberalisation in regional services and investment. Expanding market opening and investment access in the services sector is a key link in unleashing the growth potential of services trade in the RCEP region and promoting deeper integration. Study estimates that the average coverage rate of RCEP services liberalisation commitments is 45 percent, with some members' services liberalisation rate below 10 percent[①].

For the next step, the transition of the mode of commitment on trade in services from the "positive list" to the "negative list" should be realised in a timely

[①] Asian Development Bank (ADB), RCEP Trade in Services Commitments Database.

manner, and members that have the condition to do so should be encouraged to submit their negative list first and carry out preliminary review. On this basis, a unified, transparent and streamlined framework for the negative list on trade in services and investment would be formed. Initiate discussions on investment dispute settlement on time, with the goal of establishing an investor-state dispute settlement mechanism (ISDS), thereby enhancing the stability and predictability of the investment environment.

(2) Focus on "behind-the-border" rules to promote the upgrading of RCEP provisions. On one hand, efforts should be made to refine, enhance the transparency of, and improve the enforceability of existing provisions in areas such as government procurement, competition policy, and intellectual property rights, drawing on CPTPP and other high-standard agreements. On the other hand, taking into account the varying levels of development and implementation capacity among RCEP members, steadily explore the inclusion of deeper integration issues not yet covered by the agreement—such as rules on state-owned enterprises and subsidies, regulatory coherence, information transparency and anti-corruption, and labor protection.

(3) Adapting to the trend of digitalisation of regional trade and deepening RCEP e-commerce rules. Drawing on the Digital Economy Partnership Agreement (DEPA), efforts should be made to advance the development of RCEP's e-commerce framework. This includes reaching higher-standard institutional arrangements on key issues such as the free flow of cross-border data, restrictions on data localisation, non-discriminatory treatment of digital products, facilitation of digital trade, and protection of digital intellectual property rights—thereby continuously improving the regional digital trade ecosystem.

3. Achieving breakthroughs in RCEP expansion

(1) Facilitating the accession of Hong Kong, China. Hong Kong, China has submitted its application to join RCEP for over three years. As a world-leading free port and global financial center, Hong Kong maintains close and complementary economic ties with RCEP members. Statistics show that approximately 70% of Hong Kong's goods trade and 48% of its services trade occur within the RCEP region. Hong Kong's accession would bring advanced standards in areas such as financial services, professional legal services, offshore settlement, and intellectual property protection, thereby contributing to the enhancement of regional free trade under RCEP.

(2) Attracting Chile into RCEP to achieve a breakthrough in cross-regional free trade. Chile is the first Latin American economy to formally apply for RCEP membership. As a CPTPP member and a core country of the Pacific Alliance, Chile is equipped with a developed global free trade network. From 2019 to 2024, trade between Chile and RCEP members increased from approximately USD54.8 billion to USD78.8 billion—a 43.8% rise—while the share of Chile's total trade with RCEP members rose from 40.6% to 43.5%[①]. If Chile joins RCEP, it will mark a significant transformation of RCEP from a regional to a cross-regional free trade arrangement, extending the benefits of free trade across the Pacific.

[①] Calculated based on data in the Global Trade Flow database.

4. Build RCEP into a key driver of global free trade

(1) Positioning RCEP as a "Hub" for global regional trade arrangements. On one hand, RCEP could attract emerging economies to gradually integrate into the RCEP economic space through open market access, industrial cooperation, and capacity building. On the other hand, RCEP could proactively engage in rule-based dialogue and alignment with high-standard agreements such as the CPTPP, DEPA, and the Japan- European Union (EU) Economic Partnership Agreement in key areas including digital trade, green rules, and services and investment. Through a dual-track approach of expansion and upgrading, RCEP can build an "RCEP+" cross-regional framework, establishing itself as a central hub within the global free trade system.

(2) Fostering breakthroughs in free trade in the Asia-Pacific through the integration of RCEP and CPTPP. As RCEP possibly makes progress in its expansion and upgrading, the "institutional gap" between RCEP and CPTPP is expected to gradually narrow, deepening the convergence of interests among their members. If RCEP's market scale and industrial advantages can be effectively mellated with the CPTPP's high-standard regulatory framework, it would pave the way for building a high-standard and widely inclusive Asia-Pacific free trade architecture, laying a solid institutional and practical foundation for the realisation of the Free Trade Area of the Asia-Pacific (FTAAP).

(3) Creating an open cooperation platform to promote cross-regional free trade connectivity. At present, the first ever China–ASEAN–GCC trilateral summit presents an opportunity to expand cooperation among the three parties in areas such as supply chains, energy, food security, and technological innovation. Exploring feasible pathways for institutionalised cooperation between RCEP and the Gulf Cooperation Council (GCC) would contribute to the development of a “Pan-Asian” free trade network and a highly complementary industrial chain.

In light of rising economic influence of the Global South, RCEP should actively pursue strategic alignment with emerging economies and regions, including MERCOSUR, the African Continental Free Trade Area (AfCFTA), and BRICS, while also fostering constructive cooperation with economies significantly affected by trade protectionism, such as the EU, Canada, and Mexico. RCEP must continue to uphold the principles of open regionalism and free trade, and build a multi-tiered, highly coordinated, and expandable cooperation platform—contributing an “Asian solution” to shaping a more sustainable, inclusive, and equitable global trade system.

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From 1.0 to 2.0: RCEP's Strategic Choice at a Critical Juncture

Chi Fulin

August 28, 2025

From August 12 to 23, I visited Japan for exchanges, and on the 22nd I attended the 12th Trilateral Cooperation Dialogue among China, Japan, and Korea. During the discussions, I heard Japanese experts advocate for combining the CPTPP with the European Union, while making almost no mention of RCEP.

At present, RCEP faces an intricate and challenging environment. For RCEP members, identifying trends, joining forces, and taking pragmatic actions are more important than ever. In particular, when confronted with the "reciprocal tariffs" promoted by the Trump administration in the United States, what choice should RCEP make? Should members choose to "speak with one voice and act together," or should they each fight their own battles? Should they turn toward the CPTPP, or should they instead accelerate the building of a common market under the RCEP framework? These have become critical options in front of all members.

My view is clear: in the face of challenges, we must neither turn away nor retreat. Instead, we must resolutely advance RCEP from being the "world's largest" Version 1.0 toward a "higher-level" Version 2.0. This is not only a strategic choice shaped by changes in the global geopolitical landscape, but also a pragmatic response to the evolving trends of the geoeconomic order.

I. RCEP stands at a critical juncture of "falling behind if not moving forward". We must have a clear assessment about it.

1. From the external environment: The United States is advancing so-called "reciprocal tariffs," and has introduced "transshipment tariff clauses" in bilateral trade negotiations. These measures seriously undermine the implementation of RCEP's

rules of origin cumulation and threaten to tear apart regional industrial and supply chains.

2. From the internal situation: Some economies are actively promoting trade and economic cooperation under the CPTPP framework, and are prioritizing efforts to bring the European Union into the CPTPP. I am in favor of more openness among members; but I am opposed to any attempt to hollow out RCEP through exclusionary institutional arrangements.

3. From the perspective of RCEP itself: More than three years after its entry into force, RCEP continues to face challenges such as the absence of a coordinating body, delays in membership expansion, the lack of progress in upgrading provisions, and relatively low utilization of its rules. Moreover, the current level of binding commitments within RCEP remains weak. When confronted with external shocks, members often "fight their battles alone," making it difficult to forge regional synergy and to transform regional advantages into real competitive advantages.

II. Advancing RCEP from Version 1.0 to 2.0 is a Strategic Choice. We must Forge the Broadest Possible Consensus.

1. The main objectives of RCEP 2.0 are: First, to advance deeper market opening by further expanding tariff concessions, and broadening services market access among RCEP members. Second, to accelerate rule upgrades to higher standards, including an early transition of the rules of origin cumulation toward full cumulation. Third, to strengthen the binding force of RCEP's governance mechanism so that RCEP becomes a free trade agreement that is both binding and governable. Fourth, to achieve effective expansion of membership, thereby making RCEP 2.0 a cross-regional free trade arrangement.
2. RCEP 2.0's core lies in strengthening binding commitments to address the challenge of U.S. "reciprocal tariffs." The most pressing contradiction at present is that RCEP lacks binding force, making it difficult for members to take collective action in response to common challenges. For example, some member economies

have signed bilateral agreements with the United States, which severely undermines ASEAN’s central role in RCEP and risks plunging the region once again into fragmented trade cooperation. Moving from 1.0 to 2.0 must therefore focus on building a more comprehensive institutional framework—one that establishes systematic arrangements for implementation, assessment, monitoring, coordination, and upgrading—so that the release of RCEP’s dividends is under mechanisms of binding commitments and institutional guarantees.

3. Political judgment and strategic decision-making are of utmost importance.

Yesterday at the Boao Forum, Prime Minister Anwar has announced that RCEP Summit was to be held in this October. This presents pertinent opportunity to reaffirm RCEP’s critical role in global free trade and the collective commitment to its upgrading. Political leaders of all members should reach consensus as soon as possible and make the strategic decision to advance RCEP toward Version 2.0.

III. Building a Common RCEP Market is a Strategic Choice in the Face of Shared Challenges. We must Strengthen Collective Efforts.

1. Accelerating the establishment of a binding RCEP common market is a strategic choice. As access to the U.S. market becomes increasingly difficult and unpredictable, pinning hopes solely on that market risks missing future opportunities. In contrast, our region has the conditions to build a new model of regional cooperation—anchored institutionally in RCEP, with China as the principal market.

2. China and ASEAN are the two main pillars of this regional market. The development potential and market dividends of China and ASEAN are key driving forces of the global economy’s shift into the Asian era. The integration of RCEP with the China–ASEAN Free Trade Area 3.0 should be advanced, the essential task of which is to establish shared commitments and binding mechanisms that safeguard the stability and security of regional industrial and supply chains—forming the foundation of a common RCEP market.

3. Concluding a China–Japan–Korea Free Trade Agreement at an early date will accelerate the upgrading of RCEP 2.0. The key is to take RCEP as the basis, to fully

leverage it, and to reach a trilateral FTA within its framework as soon as possible. In addition, building on RCEP, we should actively explore the establishment of cross-regional economic partnerships with the European Union, the Gulf Cooperation Council, and other partners.

IV. The Combination of CPTPP and the EU Cannot Replace RCEP. We Need Strategic Judgment

1. Advancing regional economic integration in a gradual, inclusive, and consensus-based manner fits Asia's realities. The advancement of RCEP is not about pursuing "high standards for the sake of high standards." For instance, the ratio between the highest and lowest per capita GDP among RCEP members is 42 to 1. Over the past three years, practice has fully demonstrated that promoting regional economic integration through gradualism, inclusiveness, and consensus serves the interests of Asian members. Looking forward, a more binding and higher-level RCEP will play an even more prominent role and hold greater advantages in driving regional economic integration.

2. As the world's largest free trade area, the growth dividends released by RCEP are irreplaceable. Currently, RCEP accounts for 27.5% of global GDP and 28.5% of global trade—roughly double the size of the CPTPP. Preliminary estimates suggest that by 2035, the income gains generated by RCEP will exceed those of the CPTPP by more than twofold. Around 2030, ASEAN's GDP is projected to reach about USD 6.6 trillion, making it the world's fourth-largest economy after the United States, China, and the EU. By contrast, even if the EU were to join the CPTPP, it would be difficult to generate a comparable scale of market expansion and cooperation space. A market that lacks vitality and growth potential cannot make up for its shortcomings simply by adopting the highest-standard trade rules.

3. RCEP's role in addressing shared challenges is unmatched. Intra-RCEP trade already accounts for 48% of total trade among its members, with ASEAN's share of intra-RCEP trade close to 60%—far higher than members' trade share with the United States (15%). At present, the central objective of advancing RCEP toward 2.0 is to

build a common regional market, reduce excessive reliance on the U.S. market, and establish a new model of cooperation and division of labor in Asia.

RCEP in the Context of Changing Geopolitical and Economic Landscape

Chi Fulin

March 25, 2026

On August 26 last year, at the Kuala Lumpur Roundtable on Asia-Pacific Regional Cooperation hosted by the Boao Forum for Asia, I put forward the judgment that RCEP is faced with a situation where "not advancing means regressing". I also suggested promoting the upgrading of RCEP from being the largest in scale to one with higher standards. In view of the profound and complex changes in the development environment both within and outside the region, only through rule upgrading, institutional improvement, deeper opening-up and governance strengthening to build it into a free trade arrangement that is implementable, monitorable, binding and governable, can RCEP maintain its momentum, turn challenges into opportunities in jointly addressing challenges, and inject important certainty into the global economy with growing uncertainty.

1.Against the backdrop of new changes in the geopolitical landscape, has the role of RCEP become bigger or smaller?

1.1 The world has entered a new period of turbulence and transformation, and the role of RCEP as a stabilizer for free trade has further strengthened.

Guided by openness, inclusiveness, mutual benefit, balance and win-win results, RCEP upholds the basic philosophy of free trade and provides important certainty and stability for the Asia-Pacific and even the global economy. For example, global trade monitoring data shows that from 2023 to 2025, the value of intra-RCEP trade rose steadily from USD 5.67 trillion to USD 6.09 trillion[①]

1.2 As risks of global supply chain disruptions rise, RCEP's function in coordinating and integrating industrial chains has strengthened.

For instance, in the energy sector, all RCEP members, with the exception of Australia and New Zealand, generally rely heavily on energy supplies from the

[①] Note: Trade data for Myanmar, Laos and Brunei in 2025 have not been released, but their impact is limited, with an error margin of around USD 50 billion. Source: Global Trade Alert database.

Middle East. RCEP needs to optimize institutional arrangements such as tariff concessions, cumulative rules of origin, and customs clearance facilitation through intra-regional economic and trade cooperation. This will accelerate the formation of a more closely integrated regional economic cooperation system and enhance the resilience of industrial and supply chains including energy.

1.3 Amid profound adjustments in the global investment landscape, RCEP's role in attracting investment has grown.

In 2025, the cumulative foreign capital attracted by RCEP economies accounted for approximately 30%-32% of the global total. Against the backdrop of tightening global market access, RCEP is well-positioned to advance greater opening-up in customs procedures, inspection and quarantine, cross-border investment, and business personnel mobility. This will help attract international capital that has been severely impacted by geopolitical risks, especially capital from the Middle East. It is expected that the scale of foreign investment attracted by RCEP will expand further in the coming years.

2. Has RCEP seen more or fewer opportunities amid heightened geopolitical uncertainty?

2.1 RCEP has seen sustained expansion of trade and investment

RCEP has entered a stage of full and deepening implementation. The dividends from its core rules, including tariff concessions, cumulative rules of origin, and trade facilitation, are being delivered in a concentrated manner, making RCEP a core engine for regional trade and investment growth.

— Accelerated materialization of tariff dividends. For example, trade volume between China and other RCEP members rose from USD 1.48 trillion in 2020 to USD 1.94 trillion in 2025[②]. As long as free trade under RCEP remains stable, global free trade stands a chance to stay stable.

— Continuous release of dividends from cumulative rules of origin. Data from the China Council for the Promotion of International Trade (CCPIT) for 2025 shows that the number of RCEP certificates of origin issued by the CCPIT system

[②] Source:Global Trade Alert database.

increased by 23.93% year-on-year, with the total value of such certificates rising by 19.37% year-on-year.

2.2 Steady improvement in regional industrial and supply chain integration

For example, in 2024, intra-RCEP trade in intermediate goods accounted for more than 68.3%, with deeper integration in industrial chains such as electronics, automobiles, and new energy[③]. "China's manufacturing capacity + Japan's and ROK's technologies + ASEAN's low-cost production + Australia's and New Zealand's resource endowments"has formed a pattern of regional economic and trade complementarity. Cooperation on industrial parks within the region, such as the"Two Countries, Twin Parks"initiative, has accelerated, promoting capacity coordination and technology sharing among members and reducing the risk of industrial and supply chain disruptions.

2.3 The necessity to jointly addressing challenges facing RCEP

In the face of bullying measures by the U.S. government such as reciprocal tariffs and transshipment clauses, RCEP has yet to formulate a joint response strategy. Even within ASEAN, coordinated joint action has not been achieved, which has, to a certain extent, negatively impacted regional economic integration. Faced with new changes and challenges in the geopolitical landscape, RCEP needs to strengthen consensus on major issues and strive for joint action. For example, it should establish an emergency coordination mechanism to conduct consultations and communication on major external shocks and respond jointly.

3. In the face of geopolitical changes, is there a stronger urgency to jointly advance RCEP upgrading?

3.1 Stronger urgency to accelerate higher-level market opening.

Against the backdrop of rising geopolitical changes, RCEP should further expand tariff concessions. Eligible members may take the lead in increasing the scope and accelerating the pace of tariff reduction. RCEP members should also significantly expand the openness of their services trade markets. Currently, RCEP members that adopt a positive list for services trade[④] include five economies that are committed to

[③] Source:Global Trade Alert database.

[④] Eight members temporarily use the positive list approach: New Zealand, China, the Philippines, Thailand, Vietnam, Laos, Cambodia, and Myanmar. Among them, five members, including China, New Zealand, the Philippines, Thailand and Vietnam, have committed to transition from a positive list switching to a negative list regime within six years after the Agreement's entry into force. Time is pressing and progress needs to be accelerated.

3.2 Stronger urgency to implement higher-standard rules.

RCEP has formed a relatively unified regional rules framework in areas such as trade in goods, rules of origin, customs procedures and trade facilitation. Going forward, the key is to upgrade RCEP to higher-standard rules, reduce the costs of cross-border layout and intermediate goods flows, and turn RCEP's institutional advantages into tools for enterprises to strengthen the resilience and risk resistance of their regional industrial and supply chains.This includes advancing the upgrade of rules of origin from partial accumulation to full accumulation as soon as possible.

3.3 Stronger urgency to strengthen the RCEP governance mechanism.

To effectively respond to the challenges of external changes, the key step is to build RCEP into a free trade agreement that is implementable, monitorable, binding and governable. In the face of trade protectionism, unilateralism, and geopolitical and economic shocks, it is necessary to enhance position coordination and action synergy at the regional level. To this end, efforts should be accelerated to establish an independent and efficient RCEP Secretariat and formulate an action plan for collective responses to regional risks. Meanwhile, it is imperative to accelerate the breakthrough in RCEP expansion. In particular, the accession of Hong Kong, China has an important role to play in unlocking the potential of RCEP and raising its level of openness.

My overall view is: The more turbulent the geopolitical landscape, the more prominent RCEP's strategic role becomes, and the more it should help strengthen certainty within the region.The more severe external risks and challenges are, the greater the urgency for RCEP to deepen economic and trade cooperation, and the more necessary it is to enhance the predictability of regional coordination.The more fragmented the external environment becomes, the more urgent it is to jointly advance the upgrading of RCEP. In this way, we will inject greater certainty into the development of the world economy amid changes intertwined with turmoil.

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to a negative list within six years after the Agreement's entry into force; the three countries of Cambodia, Lao PDR and Myanmar will do so within 15 years.

Finally, I would like to briefly share some information.

(1) China's 15th Five-Year Plan Outline clearly states: "Implementing the Regional Comprehensive Economic Partnership (RCEP) with high quality, promoting its expansion and review process, and advancing implementation of the China-ASEAN Free Trade Agreement Version 3.0."I have reasons to believe that, with strong support from the Chinese government, and by leveraging the integration of China's huge domestic market and the large RCEP market centered on ASEAN will inject greater vitality into RCEP.

(2) CIRD, China Daily and China Oceanic Development Foundation will co-host the 6th RCEP Media and Think Tank Forum on Regional Development on May 8–9. This forum has become an important platform with wide participation from and providing intellectual support for RCEP.We welcome you all to participate and support this forum.

(3) The RCEP Think Tank Network initiated by our institute currently covers 20 think tanks from 15 RCEP members. Last year, Dr. Yose Rizal Damuri, Executive Director of the Centre for Strategic and International Studies (CSIS) Indonesia, and Mr. Wu Hailong, former President of China Public Diplomacy Association, were appointed as Co-Chairs of the network. We are confident that under the leadership of the two Co-Chairs, the network will play an even more important role in providing intellectual support for RCEP.

Attached Tables:

Table 1: Intra-RCEP Trade Volume 2023–2025 (in 100 million USD)

Countries/Regions	2023	2024	2025
Total	56667.3	58169.8	60881.5
China	18954.9	19648.4	20618.1
Japan	6912.8	6617.2	6714.7
South Korea	5864.7	5933.0	6054.8
Singapore	4574.4	4846.5	5161.3
Vietnam	3801.4	4344.7	5056.9
Australia	4383.0	4107.4	4042.0
Malaysia	3368.5	3514.1	3891.9
Thailand	3155.6	3291.8	3711.2
Indonesia	2999.2	3138.9	3259.0
The Philippines	1311.5	1314.3	1401.0
New Zealand	570.5	545.9	568.1
Cambodia	276.1	345.5	402.5
Myanmar	241.2	204.5	-
Laos	108.6	167.2	-
Brunei	144.8	150.2	-

Data source: Global Trade Alert database.

Note: Data for Myanmar, Laos and Brunei have not yet been released.

Table 2: Value of Crude Oil Imports by RCEP Members from the GCC (in 100 million USD)

Countries/Regions	2020	2021	2022	2023	2024	2025
Total	1535.6	2343.7	3776.9	3164.1	2881.3	2560.3
China	618.7	1023.3	1569.8	1273.2	1107.9	979.4
Japan	389.0	577.0	944.5	772.2	683.3	604.2
South Korea	263.5	360.4	624.7	548.0	531.7	444.6
Singapore	85.8	133.1	170.1	139.0	133.7	169.8
Thailand	79.7	123.6	220.1	198.5	198.6	169.5
Malaysia	25.2	13.7	93.2	103.2	95.5	83.6
Vietnam	31.2	45.0	62.9	55.6	68.9	60.6
The Philippines	8.7	15.6	31.9	35.2	30.6	31.6
Indonesia	14.0	22.9	31.6	24.5	21.3	16.5
Australia	6.4	0.4	2.5	0.3	3.1	0.6
New Zealand	10.0	17.1	5.6	0.0	0.0	0.0
Brunei	3.4	11.5	20.0	14.3	6.8	-

Data source: Global Trade Alert database.

Table 3：Economic Growth Rate of RCEP Members in 2025 (Including Estimates)

Members	Growth Rates	Members	Growth Rates
China	5.00%	**Malaysia**	4.90%
Japan	0.60%	**Cambodia**	4.90%
South Korea	2.10%	**Singapore**	3.80%
Australia	2.30%	**Laos**	4.40%
New Zealand	1.80%	**Myanmar**	3.00%
Vietnam	8.02%	**Brunei**	2.50%
Indonesia	5.10%	**Thailand**	2.20%
The Philippines	5.00%		

Data source: Compiled by CIRD's research team.

Table 4: Goods Trade Volume Between China and Other RCEP Members
(in 100 million US dollars)

Partner Countries/ Regions	2020	2021	2022	2023	2024	2025
Total	14,774.7	18,507.4	19,192.6	17,914.8	18,491.1	19,359.9
South Korea	2,855.8	3,591.5	3,593.7	3,106.9	3,273.3	3,313.0
Japan	3,172.8	3,695.9	3,562.1	3,179.5	3,082.5	3,222.1
Vietnam	1,922.9	2,284.6	2,308.7	2,297.3	2,605.2	2,962.2
Australia	1,711.6	2,283.8	2,201.1	2,300.0	2,115.3	2,063.1
Malaysia	1,314.8	1,743.9	2,006.3	1,903.0	2,120.1	1,917.5
Indonesia	784.6	1,237.6	1,482.1	1,392.7	1,477.2	1,675.3
Thailand	986.5	1,299.5	1,329.7	1,262.8	1,339.1	1,533.7
Singapore	892.4	928.5	1,112.8	1,083.3	1,109.3	1,193.4
The Philippines	612.2	806.6	856.2	718.7	716.0	723.3
Cambodia	95.5	134.2	156.5	148.2	178.2	222.9
New Zealand	181.3	245.8	250.4	213.6	201.7	214.6
Myanmar	188.9	183.9	246.4	209.6	162.9	193.5
Laos	35.8	43.1	56.1	71.0	82.3	98.0
Brunei	19.4	28.5	30.5	28.0	28.1	27.3

Data source: Compiled by CIRD's research team.

Table 5: Goods Trade Volume Between Hong Kong，China and RCEP Members 2020–2025

(in 100 million USD)

RCEP Members	2020	2021	2022	2023	2024	2025
Total	7694.3	9653.9	8672.1	8075.0	9167.8	10746.3
Mainland China	5448.9	6987.4	6039.1	5694.5	6324.3	7334.6
Vietnam	265.1	305.6	335.6	364.8	493.4	818.4
South Korea	461.9	627.2	605.1	498.3	644.8	659.7
Japan	483.4	546.4	493.6	450.6	497.3	595.7
Malaysia	271.6	302.3	329.7	266.9	286.9	323.6
Thailand	220.4	265.4	248.2	247.0	306.7	316.7
Singapore	239.0	248.5	251.2	212.2	234.9	269.2
The Philippines	129.5	154.3	158.8	128.1	147.0	163.2
Australia	79.5	111.9	108.9	119.9	134.3	152.8
Indonesia	57.8	70.0	75.0	66.5	73.1	81.9
Cambodia	18.7	13.1	10.9	9.4	10.1	13.7
New Zealand	11.3	12.8	10.2	9.8	10.3	11.4
Myanmar	6.1	6.6	4.3	4.8	3.5	3.7
Laos	0.7	1.0	0.8	0.9	0.9	1.3
Brunei	0.5	1.3	0.7	1.2	0.3	0.4

Data source: World Bank, Global Development Database.